

Agency: 215 Utilities and Transportation Comm
Decision Package Code/Title: AI Federal Funding Rate Increase

Budget Period: 2013-15
Budget Level: PL - Performance Level

Recommendation Summary Text:

The Federal Pipeline and Hazardous Liquids Safety Administration (PHMSA) has increased funding to state pipeline safety programs starting in 2010. There was not an immediate increase received by the Utilities and Transportation Commission (UTC), therefore the previous request to increase and then decrease the funding was done in the 2011-2013 and 2013-2015 biennia. Additional certification to receive the additional funding came after a three year average was met, providing confirmation that the program has shown growth and that the reimbursement rate will increase from 40% federal participation to approximately 60% federal participation for states that expanded their program.

Fiscal Detail

Operating Expenditures	<u>FY 2014</u>	<u>FY 2015</u>	<u>Total</u>
297-2 Pipeline Safety Account-Federal		720,000	720,000
Total Cost		720,000	720,000

Package Description:

The Utilities and Transportation Commission (UTC) receives reimbursement from the federal Dept. of Transportation, Office of Pipeline Safety (PHMSA), to administer the pipeline safety program in Washington. The program protects the lives and property of the citizens of Washington through inspection of natural gas and hazardous liquid pipeline infrastructure in accordance with state and federal laws and policies. The reimbursement rate for the program in Washington has historically been approximately 40% of eligible pipeline safety program costs. In 2010, Congress authorized an increase in the funding rate up to the maximum allowed by federal law, which is 80%. PHMSA therefore will provide additional funds for qualifying expenditures to state that expand their program in accordance with federal guidelines. Washington can expect an increase in the funding rate to approximately 60% based on data provided by PHMSA.

Narrative Justification and Impact Statement

What specific performance outcomes does the agency expect?

The UTC expects to improve the overall safety of the citizens of Washington through enhancements to the Pipeline Safety Program.

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Performance Measure Detail

Activity:

Incremental Changes

No measures submitted for package

Is this decision package essential to implement a strategy identified in the agency's strategic plan?

This decision package is essential to carry out the agency's plan to protect the safety of the citizens of Washington.

Does this decision package provide essential support to one of the Governor's priorities?

This decision package provides essential support to the Governor's Results Washington priority number four, Health and Safe Communities, by providing inspections of pipeline infrastructure, thus reducing the risk to the citizens of Washington.

Does this decision package make key contributions to statewide results? Would it rate as a high priority in the Priorities of Government process?

n/a

What are the other important connections or impacts related to this proposal?

This decision package will increase program performance and compliance with federal program guidelines.

What alternatives were explored by the agency, and why was this alternative chosen?

The only other alternative is to maintain the existing level of federal funding, which would inhibit the performance of the pipeline safety program.

What are the consequences of not funding this package?

While not funding this decision package will not necessarily increase risk to public safety, it makes sense to take advantage of a low-cost opportunity to further reduce risk of personal injury or property damage.

What is the relationship, if any, to the state's capital budget?

None.

What changes would be required to existing statutes, rules, or contracts, in order to implement the change?

None.

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Expenditure and revenue calculations and assumptions

The anticipated expenditures for the 2014 calendar year pipeline safety grant is \$2.4 million. At the present funding rate of 40%, federal receipts would amount to \$960,000. At the expected funding rate of 60% federal receipts would amount to \$1,440,000, which is an increase of \$480,000 per year. In addition, the payment received for calendar year 2013 was also at the higher percentage, resulting in more federal revenue received than was allotted. During CAFR 2014, an adjustment was made to make federal revenues and expenses match, this adjustment will affect the 2014 calendar year receipt of revenues by an additional estimated \$240,000.

Which costs and functions are one-time? Which are ongoing? What are the budget impacts in future biennia?

This supplemental request is one-time. A decision package was submitted for the 2015-2017 biennium to cover future appropriation matters.